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TAGS: [ECON](#) [EAID](#) [PGOV](#) [PREL](#) [ASEC](#) [GV](#)
SUBJECT: GOG TO PAY \$17.28 MILLION IN DEBT SERVICE IN JUNE
TO WB AND FRANCE

Classified By: POL/ECON CHIEF SHANNON CAZEAU FOR REASON 1.4 B AND D

¶1. SUMMARY. June is a big month in terms of debt service payments owed by the GoG. According to the World Bank Country Director, Siaka Bakayoko, the GoG must pay the WB \$8.24 million by June 30 in order to avoid an automatic suspension of the WB program. Similarly, the GoG reportedly owes \$9.04 million to the French Development Agency, which also must be paid by June 30 to avoid program suspension. Although the GoG does not seem to have much money according to official figures, they have been successful in finding the money to make their payments over the past few months. As Siaka notes "If they can find \$15 million for a helicopter, they can find the money to meet their debt obligations." END SUMMARY.

¶2. (U) Charge met with Siaka Bakayoko, Country Director for the World Bank in Guinea, on May 21. Siaka had just returned from a four week temporary assignment in Washington DC. Pol/Econ Chief also attended the meeting.

¶3. (C) According to Siaka, the World Bank (WB) is now considering Guinea as a "defacto" government. He explained that this label means that the WB is displeased with the government in place, which they view as unconstitutional, but is also able to engage with it in a limited capacity. As such, the WB is planning to send an assessment team in the near future to determine the political and economic reality in Guinea, and to recommend possible means of engagement. Siaka said the WB does not plan to give any money directly to the GoG, and if the assessment results in a positive recommendation, the Bank will seek to restart humanitarian and election-related programs. Shortly after the coup, the World Bank froze all of its programs in Guinea.

¶4. (SBU) However, separate to this assessment process is the fact that Guinea must continue to make its debt payments or face a more permanent suspension of the WB program. Siaka said that June is going to be the month to watch since the GoG must pay a total of \$8.24 million no later than June 30, \$3.8 of which must be paid no later than June 15. Failure to meet these deadlines would mean that the GoG would be more than 45 days in arrears, which would automatically trigger suspension. Siaka noted that the GoG's monthly bill is usually in the \$2 to \$3 million range, but that once a year, a larger payment comes due. June is that month. Siaka estimated that if Guinea failed to make the payments, it would take at least eight months to get the country back on track.

¶5. (C) At the same time, Siaka said that a big bill is also coming due to the French Development Agency (AFD) in June. The GoG reportedly owes the AFD 11.6 million Euros (\$15.9 million), 6.6 million Euros of which must be paid by June 30 (\$9.04 million). Failure to make the payment will mean an automatic suspension of the AFD program.

¶6. (C) Meanwhile, Siaka said that GoG representatives recently stopped off in Paris to meet with the Paris Club (possibly when they were coming back from the EU meeting in Brussels) in order to plead for an extension on the moratorium on bilateral debt payments that was granted in ¶2007. According to Siaka, the Paris Club refused, which means that the GoG will be expected to pay somewhere between \$130 and \$140 million in 2009 in service of Guinea's national debt, which includes both bilateral and multilateral obligations.

COMMENT

¶7. (C) The GoG has been routinely coming in just under the wire on their payments, but they have been making them. The amount coming due by the end of June is extraordinarily high and it is unclear whether or not the GoG will be able to pay.

Although the country officially appears to have low financial reserves, the GoG still seems to be able to find the cash to do what they need to do. As Siaka pointed out, "if they can find \$15 million to buy a helicopter (reftel), then they can find the money to meet their debt obligations."

END COMMENT.

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